

From: [REDACTED]  
 Sent: Monday, January 31, 2011 1:39 PM  
 To: [REDACTED]  
 Cc: [REDACTED]  
 Subject: Solyndra optics

Although the decision has already been made for OMB not to play an active role in determining what to do with Solyndra, the Director/S-1 meeting tomorrow might present an opportunity to flag to DOE at the highest level the stakes involved, for the Secretary to do as he sees fit (and be fully informed and accountable for the decision). Although optics are generally out of our lane, it may be worthwhile for the Director to privately make this point to the Secretary:

Given the PR and policy attention Solyndra has received since 2009, the optics of a Solyndra default will be bad whenever it occurs. While the company *may* avoid default with a restructuring, there is also a good chance it will not. If Solyndra defaults down the road, the optics will arguably be worse later than they would be today. At that point, additional funds have been put at risk, recovery *may* be lower, and questions will be asked as to why the Administration made a bad investment not just once (which could hopefully be explained as part of the challenge of supporting innovative technologies), but twice (which could easily be portrayed as bad judgment, or worse). In addition, the timing will likely coincide with the 2012 campaign season heating up, whereas a default today could be put in the context of (and perhaps even get some credit for) fiscal discipline / good government because the Administration would be limiting further taxpayer exposure, letting bad projects go, and could make public steps it is taking to learn lessons and improve / limit future lending.

I understood from the readout of the Friday meeting that Solyndra's prospects may have hit home for [REDACTED] on Friday. Perhaps she'd have an appetite for conveying this message.

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